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GROWING COMPANIES

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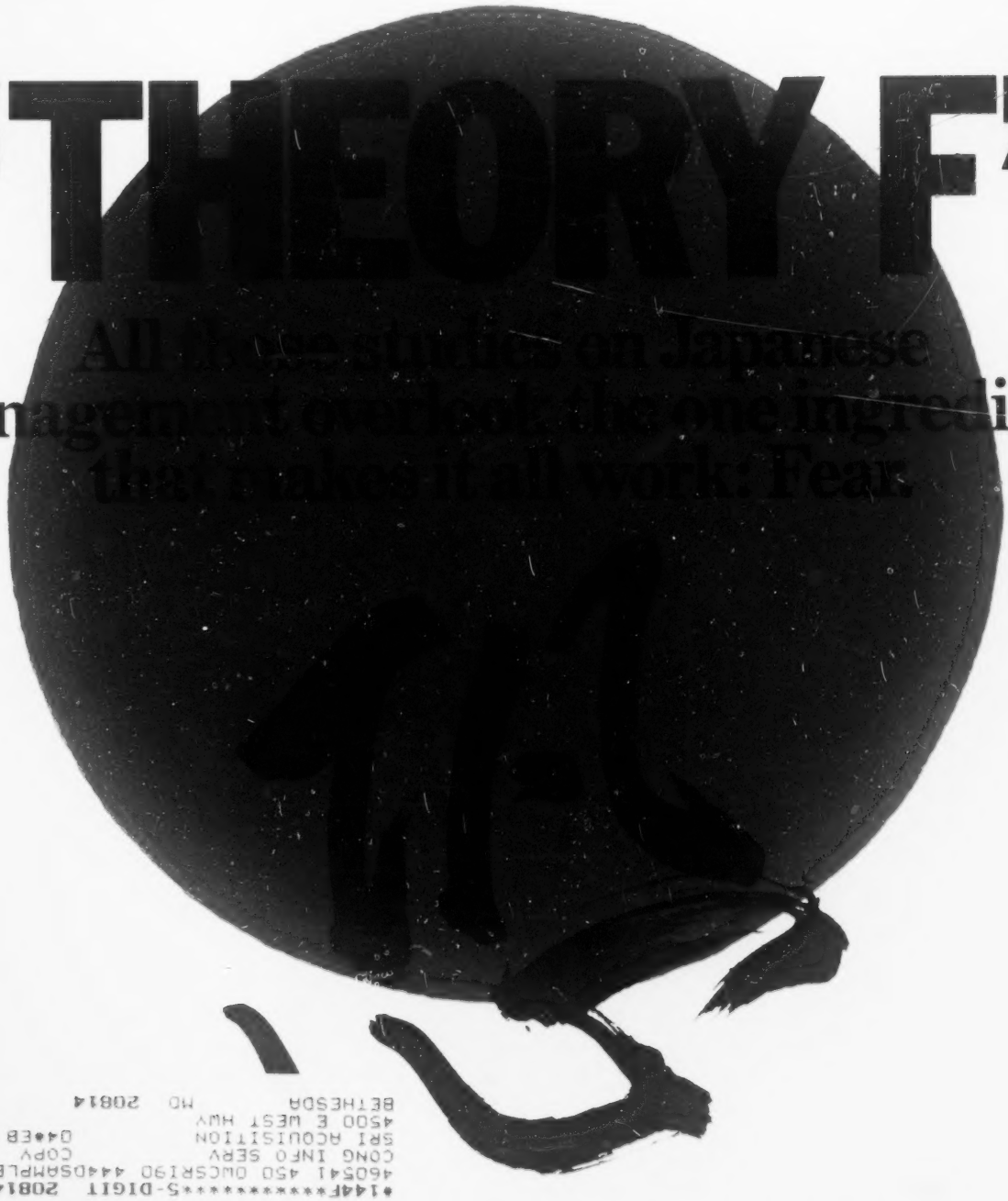
Why Entrepreneurs Take The Vacations They Do, See Page 64

"THEORY F"

All the attention on Japanese management tends to overlook the one ingredient that makes it all work: Fear.



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ary). More than just the automotive industry is moving toward Just-in-Time (JIT) environments, however. The electronics industry and other technology-oriented manufacturing concerns are turning toward this philosophy. Most large original equipment manufacturers are engaging in blanket purchasing agreements with vendors to secure economy-of-scale pricing, yet waiving costly storage and labor costs associated with volume purchasing.

The midsize company has more to gain using JIT because, generally, it has a heavy sales backlog but very little cash to implement the backlog. An inventory package would aid the midsize business and even the small business.

Daniel F. Balistierri
Marketing Director
Inventory Management Services
Manchester, Conn.

JUST PEEKING?

"Chain Gang" (Insider, February) caused me to wonder if the financial community has gotten over the "computer mystique."

When my company sought the support of the financial community, we heard, "If you are not 'high tech' we're not interested." It was unthinkable to suggest that the definition of high tech might be broader than computers. Are you suggesting that the financial community has gone back to *Webster's* or maybe to *Roget's* and expanded their scope? Is your article an indication that the financial community has opened its eyes?

Mark L. Schneider
President
HBA Polymers
Port Washington, N.Y.

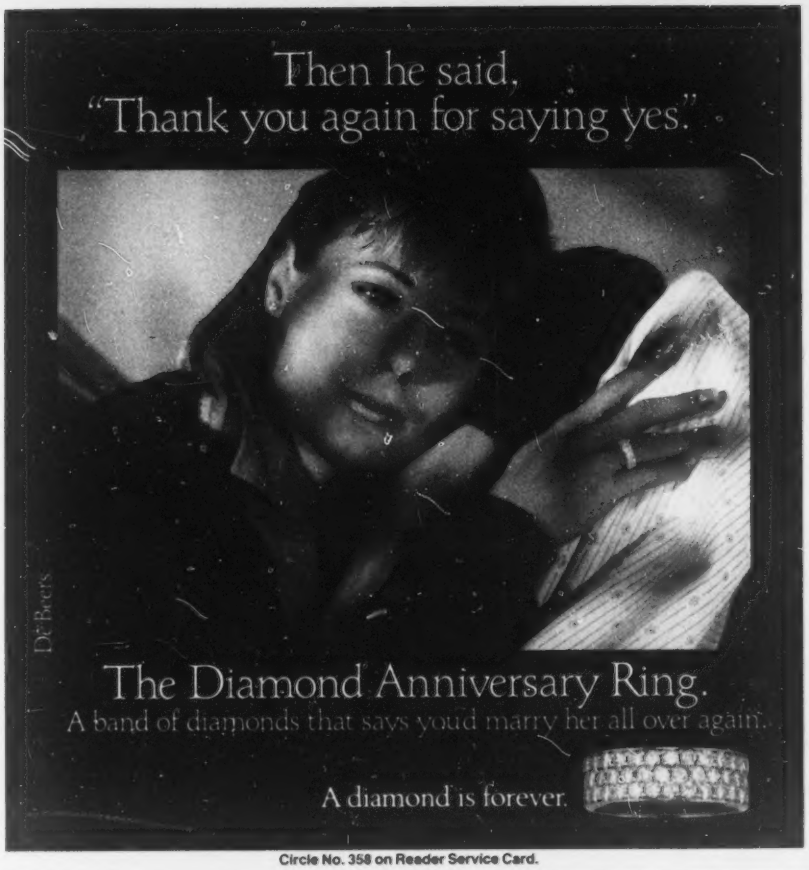
Corrections

In "Back to Basics" (February), the chart titled "The Changing Industry Mix: 1983 and 1985" should have been credited to Securities Data Co., New York City; the chart "The Best-Performing New Issues of 1985" should have been credited to CompuServe Inc., Columbus, Ohio, and the price for #23, Nuvision, should have read 13¾.

In the chart for "Investing in Growth Companies" (February), the O-T-C symbol for Patten should have read PATN.

In "Will the Company Please Come to Order" (March), the charts on page 83 should have been credited to Bruce Sanders.

INC. wants to know what you think. Please address all correspondence to INC. *Letters Editor, 38 Commercial Wharf, Boston, MA 02110. Please include name, address, and telephone number for verification. Letters must be signed, and may be edited for space and style.*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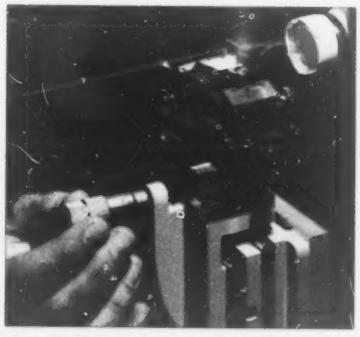
SEEDBEDS

Federal Labs May Open for Business

VENTURE CAPITALIST DAVID Silver just wanted to buy technology from Los Alamos National Scientific Laboratory, in New Mexico, a few years ago. But from the response he got, you'd think he was after secret



Courtesy of Los Alamos National Laboratory

Federal lab scientists are being urged to cooperate with small businesses.

computer codes at the Pentagon. "They said, 'We absolutely won't do it, we've never done it, and we can't do it,' " he recalls. Eighteen months and 11 contracts later, Silver owned the technology.

A new bill could make federal laboratories much more receptive to such deals. The proposal, which the House of Representatives passed unanimously last December, urges the government's 380 labs to cooperate with private industry and give "special consideration" to small businesses. The labs, which spend about $18 billion in federal funds a year and employ nearly one-sixth of all U.S. researchers, cover such fields as health, agriculture, and defense. They could be a seedbed for innovative products and new companies.

Until now, though, most lab scientists have shown little interest in marketing their innovations—probably because they can't share in any profits. "Generally, if the labs develop research that doesn't apply directly to their mission, they just abandon it," says Rep. Stan Lundine (D-N.Y.), a sponsor. Few federal scientists even bother to get patents. The result: foreigners help themselves to the labs' ideas, which are regularly published. "The Soviets and the Japanese take best advantage of federal research," says Eugene Stark, industrial initiatives officer at Los Alamos.

To prevent this hemorrhaging, the bill gives lab scientists an incentive to think commercially. It sets up a system to reward their contribution. The scientists' exact take could be controversial when the Senate considers the bill; many companies resent having to match a government standard when they pay employees. But businesses are likely to be more interested in developing ideas that are patented—making them safe from competitors.

If the bill passes, more labs may resemble Oak Ridge National Laboratory, in Tennessee, where commercialization already is a priority. Last year, the lab spent about $250,000 polishing up eight new technologies for private industry. It also spawned four start-ups. —*Joshua Hyatt*

GREAT MOMENTS IN RECRUITING
PART 3

And the Father-in-Law Didn't Even Ask for Equity

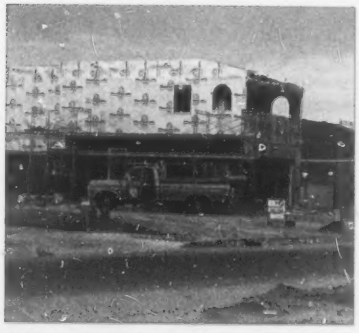
At 16, the Baltimore native got his first job developing a telegraph machine. He rose to factory superintendent 10 years later, enjoying the trappings of success by tooling around town in a Maxwell-Briscoe runabout. He worked with a design engineer, a former supersalesman who had been grinding out a living since age 13. The two began talking about product ideas they wanted to develop, such as a milk-bottle capper. But they had little money to start a company. S. Duncan Black reluctantly agreed to sell his prized car for $600, while Alonzo G. Decker wrung a loan from his father-in-law. Nine years later, in 1919, their investment was worth more than $1 million, largely due to one invention: the portable electric drill.

SCORECARD

By Virginia Inman

HOMES, SWEET HOMES

Aluminum-siding salespeople take note—the Promised Land may be in Albuquerque.



MIKE DONATIE

Albuquerque leads the nation in housing starts, a good sign for local businesses related to new houses.

That's where the number of housing starts is growing fastest, according to National Association of Home Builders estimates. While former boom towns, such as Dallas and Orlando, can expect to see 20% fewer houses built, Albuquerque's building rate is predicted to grow almost 130% in the 1984–89 period, compared with the preceding five years.

A rising number of housing starts usually indicates a strong local economy and foretells increasing prosperity for small businesses, especially those related to new houses. Already, sales of building materials in Albuquerque have risen from $99.7 million in 1982 to $157.4 million in 1984—a 58% jump. As even more houses are built, those receipts should increase further. Other small businesses, from exterminators to insurance offices, also benefit from a housing boom.

Metro Area	Annual Average 1985–89	Annual Average 1980–84	% change
Albuquerque	7,000	3,052	129.4%
Fresno, Calif.	4,000	2,360	69.5
San Diego, Calif.	25,000	15,339	63.0
Charleston, S.C.	8,000	5,047	58.5
El Paso	7,000	4,580	52.8
Bakersfield, Calif.	6,000	3,995	50.2
Somerset County, N.J.	1,700	1,148	48.1
Colorado Springs, Colo.	9,000	6,321	42.4
Memphis	6,000	4,302	39.5
Charlotte, N.C.	7,000	5,101	37.2

Listed are the top 10 of the 100 major U.S. metropolitan areas where housing starts are estimated to rise the fastest.

INSIDER (continued)